

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **CNX GAS COMPANY LLC**

DIVISION OF GAS  
AND OIL DOCKET  
**NO. 89-0126-0009-22**

RELIEF SOUGHT: MODIFICATION OF THE OGCB  
NORA FIELD RULES ORDER ENTERED MARCH 26,  
1989, AS AMENDED, TO ALLOW  
MORE THAN ONE COALBED GAS WELL  
TO BE DRILLED IN THE UNITS  
IDENTIFIED ON EXHIBIT A HERETO

LEGAL DESCRIPTION: **DRILLING UNITS AV101 to AV105, AW101 to AW105,  
AX101 to AX105, AY101 to AY105, AZ101 to AZ105 and BA101 to BA105; LOCATED IN  
BUCHANAN & RUSSELL COUNTIES, VIRGINIA; SEE ANNEXED EXHIBIT A1  
AND STATE PLANE COORDINATE DESCRIPTION AT PARAGRAPH 7.h.  
WITHIN**

**REPORT OF THE BOARD  
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **March 18, 2008** at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **Mark A. Swartz**, Esquire, appeared for the Applicant; and Sharon M.B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to sections 45.1-361.1 *et seq.*, Virginia Code, as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit A** attached hereto; and (2) has given notice to all parties so identified (hereinafter

sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of this Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: None.

5. Relief Requested: (1) Modification of the Nora Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Nora Field Drilling Units identified above and in **Exhibit A1** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Nora Field after this Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Nora Coal Bed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit A1** hereto, the Nora Coal Bed Gas Field Rules Order, OCGB order entered of March 26, 1989, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two wells, said total to include any previously permitted wells, within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Nora Coal Bed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Nora Drilling Unit within which the wells are located. Such well(s) will be subject to any existing pooling orders, and no further Board appearance or action will be required;

c. In the event a second well is proposed that is to be located outside the drilling window of any Nora Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

(i) If an 58 acre square with the proposed well at its center lies entirely within Nora Drilling Units which are voluntary in nature and are not subject to existing pooling orders, the Inspector may grant or deny the location exception on a case-by-case basis

according to standard procedures and provisions of the Nora Order which allow wells to be drilled outside drilling windows; or

(ii) If a 58 acre square with the proposed well at its center lies entirely or partially within any Nora Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph ii. shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit A1** attached hereto.
- d. The formations subject to this Modification Order are described in the OGCB Order entered 3-26-89, as amended.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered 3-26-89, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within 10 years of drilling.
- g. The boundaries of any Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.
- h. The acreage subject to this Modification Order is depicted in **Exhibit A1** hereto and is more specifically described as follows:

Beginning at a point, Virginia State Plane NAD 27 coordinate of N: 307529.967  
E: 969491.464; S02° 07'40" W 9390.55 feet to a point; S87° 44'57" E 7951.95  
feet to a point; N02° 04'29" E 9399.88 feet to a point; N87° 48'59" W 7943.22  
feet to a point of beginning, containing +/- **1,714.29** acres.

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

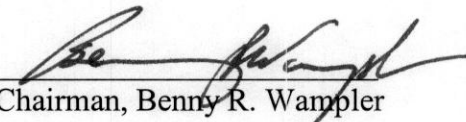
j. Except as herein specifically modified, the proposed Drilling Units more fully described above and in **Exhibit A1** attached hereto shall be developed and produced in compliance with the OGCB Order entered on 3-26-89 regarding the Nora Field, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to-wit: **March 18, 2008.**

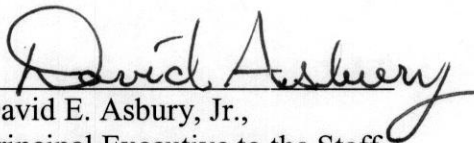
8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, will prevent waste, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

9. Effective Date: **March 18, 2008.**

DONE AND EXECUTED this 27<sup>th</sup> day of August, 2008, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Benny R. Wampler

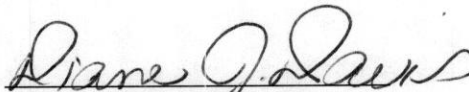
DONE AND PERFORMED this 27 day of August, 2008, by Order of this Board.

  
David E. Asbury, Jr.,  
Principal Executive to the Staff  
Virginia Gas and Oil Board



STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 29<sup>th</sup> day of August, 2008,  
personally before me a notary public in and for the Commonwealth of Virginia, appeared  
Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the  
Virginia Gas and Oil Board, and appeared David E. Asbury, Jr. Wilson, being duly sworn  
did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil  
Board that they executed the same and were authorized to do so.

  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009

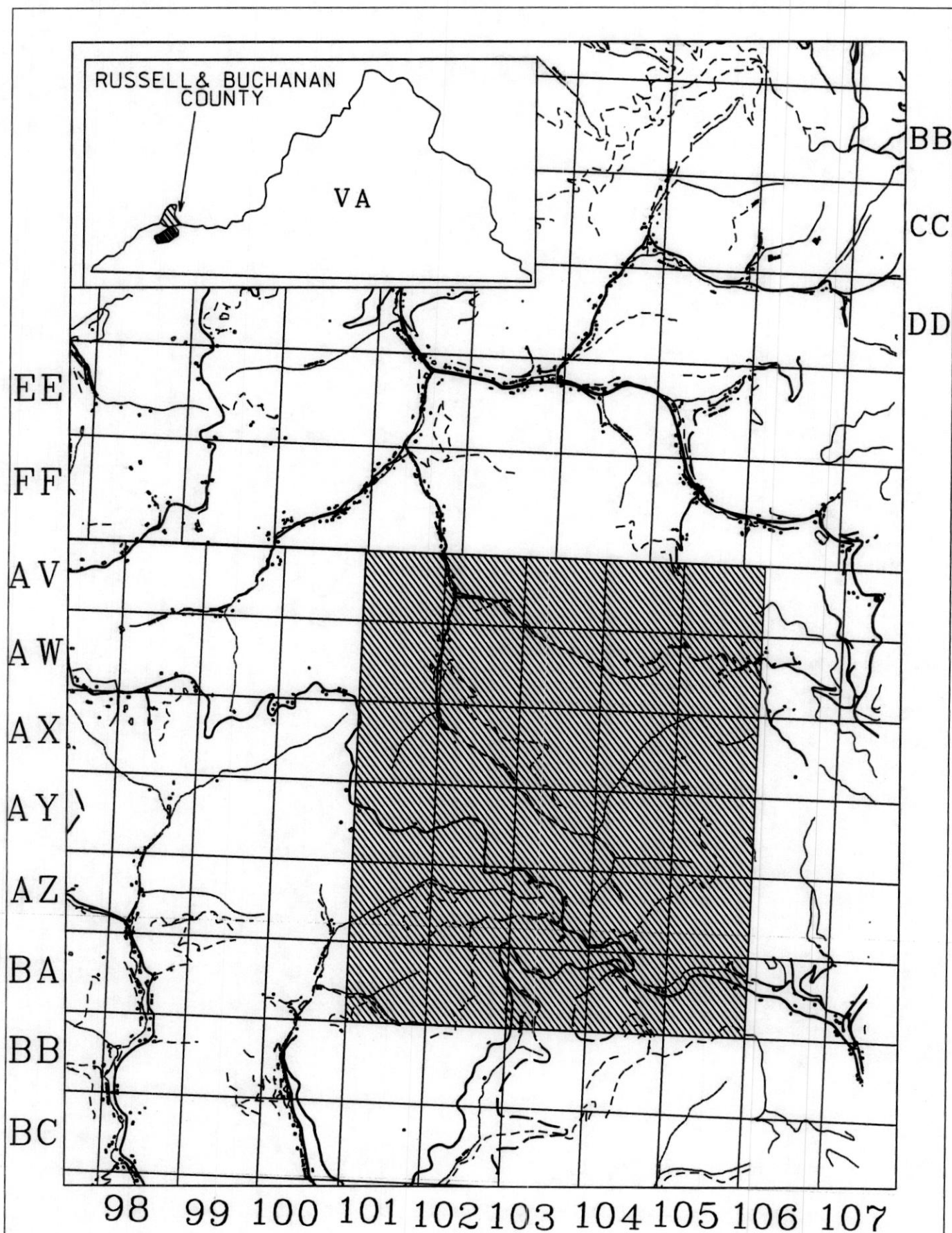


EXHIBIT A1  
NORA FIELD RULES MODIFICATION  
VGOB 89-0126-0009-22

**BEFORE THE VIRGINIA GAS AND OIL BOARD**

**APPLICANT: CNX Gas Company LLC**

**DIVISION OF GAS AND OIL**

**DOCKET: VGOB 89-0126-0009-22**

**RELIEF SOUGHT:   MODIFICATION OF  
                          NORA COAL BED GAS  
                          FIELD RULES ORDER**

**AFFECTED UNITS: AV101 to AV105, AW101 to AW105, AX101 to AX105, AY101 to AY105,  
AZ101 to AZ105 and BA101 to BA105.**

**See annexed Exhibit A.**

**APPLICATION**

1. Applicant and its counsel: Applicant is **CNX Gas Company LLC**, 2481 John Nash Blvd., Bluefield, VA 24701, (304) 323-6500. Applicant's Counsel is Mark A. Swartz, 601 Sixth Avenue, Suite 201, St. Albans, WV 25177-1808.

2. Relief sought: (1) Modification of the Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989, as amended, to allow more than one coalbed gas well to be drilled within each of the Nora Field Units identified above. (2) An administrative order providing that additional well permits may be issued in the Nora Coal Bed Gas Field after this application is filed and while it is pending.

3. Legal authority: 4 VAC 25-160-50 and § 45.1-361.20 of the Code of Virginia.

4. Proposed provisions of order sought: That a second coalbed methane gas well may be drilled in each of the above referenced Nora Units if same is located within the drilling windows of said Units and is at least 600 feet from any other coalbed methane well; and that production/royalties from each coalbed methane well drilled in the said Units shall continue to be allocated solely to the owners and claimants of and to the coalbed methane within the Unit in which the well(s) is located.

5. Type of wells and field: Coalbed methane frac wells within the portion of the Nora Coal Bed Gas Field described above.

6. Formations subject to application: From the top of the Raven and below. See Nora Coal Bed Gas Field Rules, as amended.

7. Plat: See Exhibit A annexed hereto which shows the location of the Nora Units affected by this application within the Nora Coal Bed Gas Field.


The exterior boundaries of the units mapped on Exhibit A are:

Beginning at a point, Virginia State Plane NAD 27 coordinate of N: 307529.967 E: 969491.464; S02° 07'40" W 9390.55 feet to a point; S87° 44'57" E 7951.95 feet to a point; N02° 04'29" E 9399.88 feet to a point; N87° 48'59" W 7943.22 feet to a point of beginning, containing +/- 1,714.29 acres.

8. The acreage affected: See Exhibit A annexed hereto. Acreage affected is approximately 1714.29 acres.

9. Attestation: The foregoing application to the best of my knowledge, information and belief is true and correct.

CNX Gas Company LLC, Applicant

By:   
Leslie K. Arrington  
Manager - Environmental Permitting  
2481 John Nash Boulevard  
Bluefield, WV 24701



## **AFFIDAVIT OF DUE DILIGENCE**

**COMMONWEALTH OF VIRGINIA  
COUNTIES OF RUSSELL & BUCHANAN**

I, Leslie K. Arrington, after being duly sworn upon oath, state as follows:

1. I am a Manager – Environmental Permitting of CNX Gas Company LLC and am responsible for the notification process required by Va. Code Ann. §45.1-361.19 and VR 480-05-22.2 §4.
2. That CNX Gas Company LLC has exercised due diligence in attempting to locate and notice all owners and claimants who are unleased and/or who were not previously pooled by prior order(s) of the Virginia Gas and Oil Board regarding **the Nora Field Modification / Infill Drilling Modification #22**, all as required by Va. Code Ann. §45.1-361.19 and VR 480-05-22.2.
3. That on **February 15, 2008** a true and correct copy of the Notice of Hearing with Exhibits will be mailed, via certified mail return receipt requested, to all owners and claimants listed in Exhibit B-3 for whom mailing addresses were then available.
4. That every individual or entity having an unleased or unpooled interest in the methane gas underlying the tracts in the **Nora Field Modification / Infill Drilling Modification #22**, whether known or unknown, including those persons whose mailing address were unknown, was notified of the filing of CNX Gas Company LLC's application by publication of the Notice of Hearing in the *Bluefield Daily Telegraph*.
5. That CNX Gas Company LLC will continue to exercise due diligence in attempting to locate and identify the names and/or addresses of any unknown or unlocatable parties and, if located or identified, will notify them of CNX Gas Company LLC's application.

I have read the foregoing, and the information given above is true and correct to the best of my knowledge and belief.



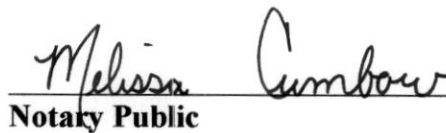
**Leslie K. Arrington**  
Manager – Environmental Permitting  
for CNX Gas Company LLC

**ACKNOWLEDGMENT**

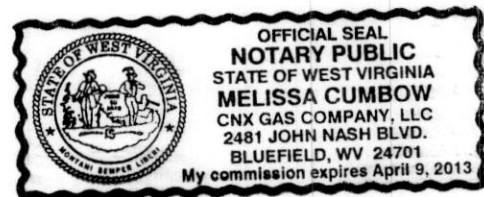
**COMMONWEALTH OF VIRGINIA**

**COUNTY OF TAZEWELL, TO-WIT:**

**TAKEN, SUBSCRIBED AND SWORN** to before me this 14th day of  
February, 2008.

  
**Notary Public**

My commission expires: April 9, 2013



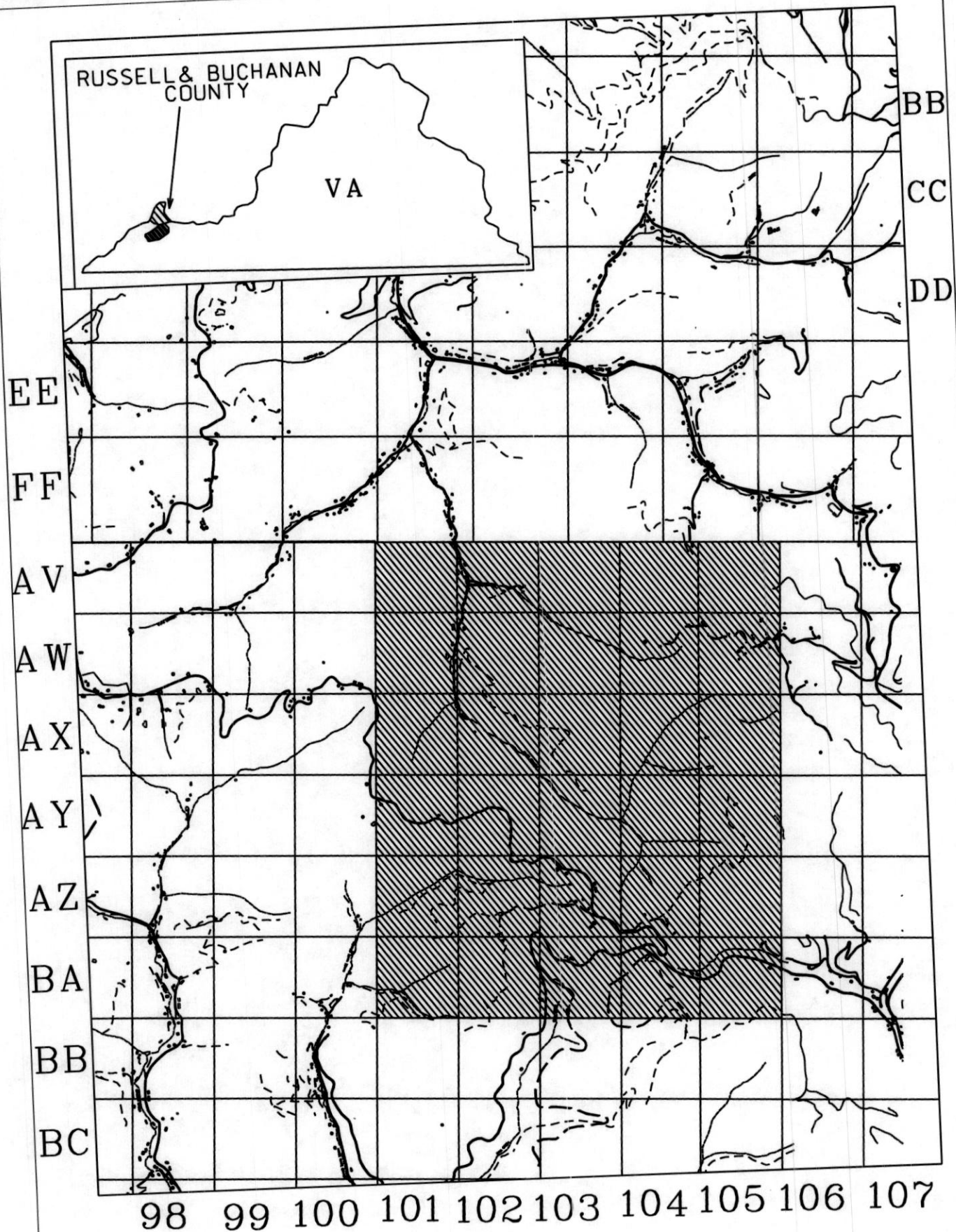


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AZ101 to AZ105 and BA101 to BA105**

**See annexed Exhibit A.**

**NOTICE OF HEARING**

**HEARING DATE: March 18, 2008**  
**PLACE: Southwest Virginia Higher Education Center  
Campus of the Virginia Highlands Community College  
Abingdon, Virginia**  
**TIME: 9:00 AM**



**COMMONWEALTH OF VIRGINIA:**

**To:** *Harrison-Wyatt, LLC, Buckhorn Coal Company, Harold V. Cook, Calvin Arwood Heirs, Devisees, Successors or Assigns, et al. including Ruth McGlothlin, Paul Hale c/o Ivanell Tiller, Peggy Whited, Larry Hale, Margaret Hale, Arnold Hale, Lee Hale, Ronald Hale, Frank Hale, Joan Keen, Jimmy Owens, Lawrence Arwood, Roy Arwood, Arvil Arwood, Lois Cook, Benny Smith, Linda Meadows, Sherrie Baldwin, Elizabeth Welch, Jimmy Miller, Donald Miller, Keith Miller, Terry Miller, Junior Street, Carol Fuller, David Patton, Charles Patton, Wanda Yates, Janette Kennedy, Norman Jean Hibbitts, Linda Coleman, Randy Blankenship, Ronnie Blankenship, Helen Jennings Adkins, Loucille Matney, Patricia Adkins, Faye Ryan, Violet Nunnery, Lucille Layne Arwood, Orpha Fletcher, Cutie Keene, Cerilla Hager Arwood, Susie Keen Lester; CNX Gas Company LLC, Unknown Owner, Mardy Lewis, Nancy Duty, Jerry Helton, et ux., Lloyd Blankenship, et ux., William Coxton, et al. including Gladys Coxton, Jerlene Hatfield, Lester Coxton, Velma C. Taylor, Judy Jenkins, Harry Hatfield, Allen Shevy, Brenda S. Forester, Roy J. Conner, JR., Shirley M. Dye, Mildred Helton, Patricia Shortridge, Ida Belle Mason, Arvil Blankenship, Sr., Arvil Blankenship, Jr. Heirs, Devisees, Successors or Assigns, Peggy L. Philips, Patricia A. Keyes, Brenda Guzman, Linda G. Mooney, Elizabeth Betty Santos, Velvie M. Hale Foleno, Dollie L. Gatliff, Rosie A. Breedland, Burke A. Shortridge, Ruby K. Shortridge, Margie M. (Pearl) Hale, Rhonda G. Griffith, Heather C. Shortridge, Oscar J. Shortridge, Opal McGlothlin Gildart, Virgie S. Taylor, Anna Mae Pack, Mattie Marie Shortridge, Roy R. Shortridge, George Shortridge, Adam Hagerman, Deborah J. Pederson, Edward E. Noe, Danny R. Noe, Julie Gongalez, Sylvia J. Wilson, Belford Shortridge, Garland Shortridge, Marsha A. Price, Melody L. Beech, Sylvia M. Rose, James D. Shortridge, Linda C. Hale, Jessie Childress, Donnie Childress, David & Patti Price, Billy Martin, and John Shortridge Heirs, Devisees, Successors or Assigns; Sydney L. Asbury, et al. including Sydney L. Asbury, and Rose A. Matthews, Velvie Shortridge, Commonwealth of Virginia, Gent Enterprises, Equitable Production Company, Reserve Coal Properties Company, Pocahontas Gas Partnership, and Buchanan Production Company*

1. **Applicant and its counsel:** Applicant is **CNX Gas Company LLC**, 2481 John Nash Blvd., Bluefield, VA 24701, (304) 323-6500. Applicant's Counsel is Mark A. Swartz, 601 Sixth Avenue, Suite 201, St. Albans, WV 25177-1808.

2. **Relief sought:** (1) Modification of the Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989, as amended, to allow more than one coalbed gas well to be drilled within each of the Nora Field Units identified above. (2) An administrative order providing that additional well permits may be issued in the Nora Coal Bed Gas Field after this application is filed and while it is pending.

3. **Proposed provisions of order:** That a second coalbed methane gas well may be drilled in each of the above referenced Nora Units if same is located within the drilling windows of said Units and is at least 600 feet from any other coalbed methane well; and that production/royalties from each coalbed methane well drilled in the said Units shall continue to be allocated solely to the owners and claimants of and to the coalbed methane within the Unit in which the well(s) is located.

4. **Legal Authority:** Va. Code Ann. §45.1-361.20 and 4 VAC 25-160-50.

5. **Type of well(s) and field:** Coalbed methane wells and Nora Coal Bed Gas Field.

6. **Your interest or claim in the unit sought to be created by this Application pertains to coalbed methane gas.**

7. **Formation(s) to be produced and estimates:** From the top of the Raven and below. See Nora Coal Bed Gas Field Rules, as amended.

8. **Attestation:** The foregoing notice to the best of my knowledge, information, and belief is true and correct.

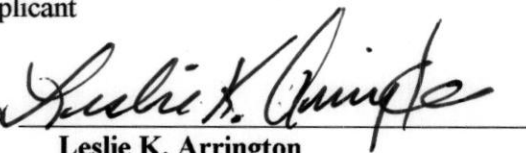
**NOTICE IS FURTHER GIVEN** that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on **March 18, 2008**, at the Southwest Virginia Higher Education Center, Campus of the Virginia Highlands Community College, Abingdon, Virginia, and that notice will be published as required by law and the rules of the Board.

**NOTICE IS FURTHER GIVEN** that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P. O. Box 1416, Abingdon, Virginia 24210, 276/676-5423 or the Applicant at the address shown above.

DATED: 2/14/08

CNX Gas Company LLC  
Applicant

By



Leslie K. Arrington  
Manager—Environmental Permitting  
2481 John Nash Boulevard  
Bluefield, WV 24701